

Message Text

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FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 3638

INFO USCINCSO

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AMEMBASSY ASUNCION UNN

AMEMBASSY BRASILIA UNN

AMEMBASSY CARACAS UNN

AMEMBASSY LA PAZ UNN

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C O N F I D E N T I A L SECTION 1 OF 4 BUENOS AIRES 6887

USCINCSO FOR POLAD

E.O. 11652: XGDS

TAGS: PFOR, AR, US, OAS

SUBJECT: ASSESSMENT OF ARGENTINE FOREIGN POLICY AND SOME
GENERAL OBSERVATIONS

REF: A) BA-6241; B) BA-6726; C) BA-6680

1. SUMMARY: ARGENTINA'S NEW FOREIGN POLICY IS IN FACT NOT NEW.
ON THE CONTRARY, CONTAINING BRAZIL AND ENHANCING ARGENTINA'S
POSITION AT THE EXPENSE OF THE U.S. ARE PRIMORDIAL ARGENTINE
DRIVES. SIMILARLY, ARGENTINA'S CURRENT ASSOCIATION WITH THE
THIRD WORLD IS BUT THE LATEST DEVICE THROUGH WHICH IT SEEKS TO
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PROJECT ITSELF ONTO THE WORLD STAGE, AND, AT THE SAME TIME, USE
THAT ROLE TO ITS ADVANTAGE IN THE HEMISPHERE. THE FORM IS NEW
BUT THE SUBSTANCE IS FAMILIAR. THE POLICY IS PROBABLY OVERLY
AMBITIOUS. ARGENTINA MUST PUT ITS OWN HOUSE IN ORDER BEFORE IT

CAN EXPECT OTHER COUNTRIES TO GRAVITATE IN ITS DIRECTION OR LOOK TO IT FOR LEADERSHIP. A LOW PROFILE IS PROBABLY THE BEST U.S. RESPONSE. HOPEFULLY, THE LIMITATIONS AND INTERNAL CONTRADICTIONS OF THE POLICY WILL LEAD TO SOME MODERATION OR TO NEW DIRECTIONS WITH LITTLE HELP FROM US. OUR BEST BET IS TO DEFEND OUR INTERESTS QUIETLY BUT AVOID CONFRONTATIONS. END SUMMARY.

2. THE FOREIGN POLICY PURSUED BY ARGENTINA SINCE MAY 25 OF THIS YEAR IS MARKEDLY DIFFERENT IN TONE AND CONTENT FROM THAT OF THE MILITARY GOVERNMENTS THAT RULED THE COUNTRY AFTER 1966. IT DOES NOT, HOWEVER, REPRESENT A DEPARTURE FROM MORE TRADITIONAL ARGENTINE POLICY DIRECTIONS. ON THE CONTRARY, UNDER PERON, ARGENTINA'S POLICY WILL RESPOND TO ONE OF THE COUNTRY'S BASIC DRIVES (OR COMPLEXES): RIVALRY WITH THE U.S. AND BRAZIL FOR CONTINENTAL PREEMINENCE. ROQUE SAENZ PENA AND MANUEL QUINTANA, ARGENTINA'S DELEGATES TO THE FIRST PAN AMERICAN CONFERENCE IN 1889, WOULD HAVE BEEN MOST COMFORTABLE WITH ARGENTINA'S DIRECTIONS IN THE HEMISPHERE IN 1973. ARGENTINES ARE NOT SO NAIVE AS TO BELIEVE THEY CAN SURPASS EITHER THE U.S. OR BRAZIL IN TERMS OF ECONOMIC AND MILITARY POWER, BUT IT IS HOPED THAT THE ENVY AND FEAR EXCITED BY THE VERY SIZE AND ECONOMIC INFLUENCE OF THE TWO GIANTS MAY CAUSE OTHER HISPANIC-AMERICAN COUNTRIES TO LOOK TO ARGENTINA TO CHAMPION THEIR CAUSE--PROVIDED ARGENTINA CAN SUCCESSFULLY PROJECT ITSELF AS A POTENTIAL POLE OF GRAVITY IN THE HEMISPHERE. THE MAJOR THRUST, THEN IS TO CONTAIN BRAZIL AND REDUCE U.S. INFLUENCE WHILE ENHANCING THAT OF ARGENTINA. AS THE WELL-KNOWN COLUMNIST, MARIANO GRONDONA, PUT IT RECENTLY, BRAZIL HAS OPTED TO MOVE TOWARDS A WORLD POSITION THROUGH CLOSE ASSOCIATION WITH ONE OF THE SUPERPOWERS. ARGENTINA, ON THE OTHER HAND, WILL DEVELOP ITS POSITION ON ITS OWN, AND TO SOME EXTENT IN CONTRADISTINCTION TO THAT OF THE SUPERPOWER. "IF BRAZIL IS THE WEST GERMANY OF LATIN AMERICA, ARGENTINA IS THE GAULLIST FRANCE," HE CONCLUDED.

3. AS ONE MEANS OF IMPLEMENTING THIS POLICY, ARGENTINA IS TAKING A LEAD IN EFFORTS TO REVISE AND RESTRUCTURE HEMISPHERIC ORGANIZATIONS AND CHARTERS. AT THE MEETING OF ARMY COMMANDERS IN CONFIDENTIAL

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CARACAS AND AT THE OAS SPECIAL COMMITTEE MEETING IN WASHINGTON, FOR EXAMPLE, ARGENTINA STRESSED THE NEED TO UPDATE THE RIO TREATY, WHICH IT DESCRIBES AS ANACHRONISTIC AND DESIGNED TO SERVE U.S. MILITARY AND ECONOMIC INTERESTS RATHER THAN THOSE OF THE LATIN AMERICAN STATES. IN A BROADER CONTEXT, THE SAME KIND OF REVISION IS DEMANDED FOR THE OAS AS A WHOLE. ARGENTINA MAINTAINS THAT THE ORGANIZATION IS SO STRUCTURED THAT RATHER THAN BALANCING, IT ACCEPTS AND EVEN EMPHASIZES THE DISPROPORTIONATE INFLUENCE OF THE U.S. CHANGES MUST BE MADE TO CORRECT THAT SITUATION, THE ARGENTINES CONTEND. THAT THEY DO NOT SEE IT AS A ZERO-SUM GAME, HOWEVER, WAS SUGGESTED BY ARGENTINA'S AMBASSADOR TO THE OAS, RAULQUIJANO, IN AN INTERVIEW APPEARING IN THE PRESS HERE SEP 3. WHILE STRESSING THE NEED FOR A NEW KIND OF HEMISPHERIC RELATIONS-

SHIP, HE INDICATED THAT ARGENTINA WANTED A POSITIVE DIALOGUE WITH THE U.S. AND WAS NOW WAITING TO SEE IF THE U.S. WANTED TO WORK TOGETHER WITH THE OTHER NATIONS OF THE HEMISPHERE WITHIN THIS NEW RELATIONSHIP.

4. CONCERNED OVER BRAZIL'S EXPANDING ECONOMIC AND POLITICAL INFLUENCE IN THE HEMISPHERE, AND JEALOUS OF HER DEVELOPING ROLE ON THE WORLD STAGE, ARGENTINA'S POST-MAY 25 POLICY AIMS AS MUCH AT CHECKING BRAZIL AS AT REDUCING THE INFLUENCE OF THE U.S. INDEED, SINCE THE FORMER IS DESCRIBED AS THE SURROGATE OF THE LATTER, EFFORTS AGAINST ONE COMPLEMENT THOSE AGAINST BRAZIL AS WELL AS THE U.S., AND BRAZIL MAY WELL BE THE PRIMARY TARGET OF ARGENTINA'S MANEUVERINGS WITH THE ANDEAN PACT. CLEARLY, ARGENTINA'S GOAL (WHETHER REALIZABLE OR NOT) IS TO CONSTRUCT AN HISPANIC-AMERICAN CORDON SANITAIRE AROUND BRAZIL, BOTH POLITICALLY AND ECONOMICALLY. PERON RECENTLY SUGGESTED, FOR EXAMPLE, THAT ONE WAY TO CONTAIN "A SUBIMPERIALIST LATIN AMERICAN COUNTRY" WOULD BE TO ORGANIZE A LATIN AMERICAN COMMON MARKET AGAINST HER. HE ASKED, "IF WE CREATE SUCH BARRIERS, WHERE WOULD THAT COUNTRY NOW GOING THROUGH AN ECONOMIC BOOM SELL ITS PRODUCTS?" (COMMENT: HE FAILED TO ASK WHERE ARGENTINA WOULD SELL THE SIGNIFICANT SHARE OF ITS EXPORTS NOW GOING TO BRAZIL.)

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5. ARGENTINA SEES ITSELF INVOLVED IN A STRUGGLE TO CONTAIN BRAZILIAN INFLUENCE IN ALL THE NEIGHBORING COUNTRIES. IT IS, FOR EXAMPLE, VERY CONCERNED THAT A CLOSE BRAZILIAN-PARAGUAYAN RELATIONSHIP WILL SERIOUSLY AFFECT ITS INTERESTS WITH RESPECT TO THE RIVER SYSTEM THAT RUNS THROUGH ALL THREE COUNTRIES. HENCE, IT RECENTLY TRIED UNSUCCESSFULLY TO PRESSURE PARAGUAY INTO NOT RATIFYING THE AGREEMENT WITH BRAZIL ON THE ITAIPU HYDROELECTRIC PROJECT (SEE BA-6241). BOLIVIA'S ACCEPTANCE AT THE ALGIERS CONFERENCE OF THE ARGENTINE POSITION CONCERNING PRIOR CONSULTATIONS ON SUCH PROJECTS WERE GREETED IN BUENOS AIRES AS AN IMPORTANT DIPLOMATIC VICTORY. ARGENTINA IS WATCHING CAREFULLY DEVELOPMENTS IN URUGUAY WITH AN EYE TOWARDS
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ANY BRAZILIAN ATTEMPT TO TAKE ADVANTAGE OF THE SITUATION THERE. A SEMIOFFICIAL WEEKLY MAGAZINE LAST WEEK POINTED OUT THAT ARGENTINA'S ONGOING DISPUTE WITH URUGUAY OVER DEMARCATION OF THE BOUNDARY IN THE RIO DE LA PLATA WOULD TAKE ON AN ENTIRELY NEW AND MORE SERIOUS CONNOTATION SHOULD BRAZILIAN INFLUENCE IN URUGUAY BECOME DOMINANT. FINALLY, ARGENTINA SEES THE SEP 11 MILITARY TAKEOVER IN CHILE AS A CLOSING OF THE CIRCLE OF CONSERVATIVE MILITARY GOVERNMENTS AROUND ARGENTINA. PARTICULARLY ALARMING TO ARGENTINA IS THE POSSIBILITY THAT THE SEP 11 MILITARY COUP MAY OPEN TO BRAZIL AN OPPORTUNITY TO RESURRECT ITS TRADITIONAL POLICY OF ATTEMPTING TO FLANK ARGENTINA THROUGH A CLOSE RELATIONSHIP WITH CHILE (SEE BA-6726).

6. TRADITIONALLY, ARGENTINA HAS BEEN UNWILLING TO ACCEPT A PURELY HEMISPHERIC ROLE. WHILE SOME LATIN AMERICAN STATES HAVE EMPHASIZED THE NEW WORLD'S SEPARATION FROM THE OLD, ARGENTINA HAS TENDED CONSISTENTLY TO STRESS THE TIES THAT BIND HER TO EUROPE. IN REJECTING THE IDEA OF A CONTINENTAL FREE TRADE UNION AT THE FIRST PAN AMERICAN CONFERENCE, SAENZ PENA DID SO ON THE GROUNDS THAT IT WOULD TEND TO SET ONE CONTINENT AGAINST ANOTHER AND THAT ARGENTINA SAW HERSELF BOUND TO BOTH. "I DO NOT LACK AFFECTION OR LOVE FOR AMERICA, BUT I LACK INGRATITUDE OR DISTRUST TOWARD EUROPE," HE SAID. IN EFFECT, TRADITIONAL ARGENTINE POLICY REVERSED CANNING'S FORMULATION AND CALLED ON THE OLD WORLD TO HELP REDRESS THE BALANCE IN THE NEW. ARGENTINA LOOKED ESPECIALLY TO ENGLAND AND FRANCE TO OFFSET THE POWER OF THE U.S., THUS, IT WAS HOPED, GIVING ARGENTINA INCREASED ROOM FOR MANEUVER.

7. ARGENTINA'S CURRENT ASSOCIATION WITH THE THIRD WORLD IS A NEW EXPRESSION OF HER UNWILLINGNESS TO SEE HERSELF IN A ROLE CONFINED TO THIS HEMISPHERE. BUT IT ALSO REPRESENTS THE LATEST ATTEMPT TO USE AN EXTRA-CONTINENTAL FORCE TO IMPROVE HER POSITION IN THE HEMISPHERE ITSELF. IN ADDITION TO THE FACT THAT IT IS VERY EGO-SATISFYING, IN VIEW OF PERON'S CLAIM TO HAVE ORIGINATED

THE WHOLE THIRD-WORLD CONCEPT, ARGENTINA'S ASSOCIATION WITH THE NON-ALIGNED NATIONS GIVES IT A WORLD FORUM AND TENDS TO UNIVERSALIZE ITS HEMISPHERIC APPROACH, GIVING IT NEW ALLIES IN BALANCING THE WEIGHT OF THE U.S. AND BRAZIL. ESPECIALLY IN THE CASE OF THE LATTER, ASSOCIATION WITH THE THIRD WORLD IS DESIGNED TO SERVE AN IMMEDIATE GOAL. AS THE ARGENTINES SEE IT, BRAZIL IS A CONFIDENTIAL

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NATURAL TARGET OF THE NON-ALIGNED BLOC. THE FOREIGN MINISTRY HERE WAS DELIGHTED WITH THE ANTI-BRAZILIAN FLAVOR OF SOME OF THE PROCEEDINGS OF THE ALGIERS CONFERENCE, AND THEY HOPE TO SEE TO IT THAT BRAZIL REMAINS A TARGET, THUS TO SOME EXTEND UNDERMINING THE LATTER'S WORLD IMAGE AND POSITION.

8. THE THIRD-WORLD PLOY IS ALSO DESIGNED TO SERVE SEVERAL PURELY PRAGMATIC OBJECTIVES. FOR EXAMPLE, ARGENTINA HOPES THEREBY TO ASSURE A LARGE BLOCK OF VOTES IN SUPPORT OF ITS POSITION ON THE FALKLAND ISLANDS AND OTHER ISSUES. IT ALSO SEEMS TO DISCERN A POTENTIALLY LUCRATIVE COMMERCIAL RELATIONSHIP WITH THE ARAB COUNTRIES. AS ONE PERONIST POLITICIAN PHRASED IT: " THEY HAVE OIL AND CASH, WE HAVE CATTLE AND GRAIN. WE SHOULD BE ABLE TO DO BUSINESS."

9. THERE HAVE BEEN EFFORTS TO ADJUST THE NEW POLICY TO EARLIER AFFINITIES. ARGENTINA MAY HOPE TO PROJECT HERSELF ONTO THE WORLD STAGE THROUGH THE NON-ALIGNED NATIONS, BUT UNLIKE MOST OF THE THIRD WORLD COUNTRIES, ARGENTINA DOES NOT REGARD EUROPE AS PART OF THE IMPERIALIST BLOC; RATHER, IN PERONISM VIEW ONLY THE TWO SUPERPOWERS ARE THE IMPERIALISTS. WESTERN AND EASTERN EUROPE, IN THAT THEY ARE ATTEMPTING TO DEVELOP GREATER INDEPENDENCE OF THE U.S. AND USSR, RESPECTIVELY, ARE REALLY PART OF THE THIRD WORLD. IN FACT, PERON HAS DESCRIBED WESTERN EUROPE AS ITS NATURAL LEADER. THIS DEFIES MOST DEFINITIONS OF WHAT THE THIRD WORLD IS, BUT IT FITS IN NICELY WITH ARGENTINA'S TRADITIONAL VIEWS. AT THE SAME TIME, AS ITS EXPONENTS IN THE FOREIGN MINISTRY SEE IT, THE THIRD-WORLD POLICY IS MORE REALISTIC THAN ARGENTINA'S EARLIER ORIENTATION TOWARDS EUROPE. AS THE STAFF AIDE TO THE FOREIGN MINISTRY'S DIRECTOR OF POLICY RECENTLY EXPRESSED IT TO AN EMBOFF: "OUR ECONOMIC AND CULTURAL TIES WITH EUROPE ARE ONE THING, OUR SELF-DELUSION THAT WE ARE A EUROPEAN COUNTRY IS SOMETHING ELSE AGAIN. THE FIRST ARE REAL, THE SECOND SIMPLY A FACADE. WE HAVE MORE INTERESTS IN COMMON WITH ALGERIA THAN WITH FRANCE--THOUGH WE HAVE MORE IN COMMON WITH EITHER OF THE TWO THAN WITH THE U.S." (COMMENT: THIS MAY BE A MISPERCEPTION. IN OUR VIEW ARGENTINE INTERESTS OVERLAP WITH THOSE OF U.S. FAR MORE THAN WITH THOSE OF ALGERIA. NONETHELESS, IT IS AT LEAST PART OF SUCH MISPERCEPTIONS THAT THIRD-WORLD POLICY IS BASED.)

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10. ANOTHER AND VERY IMPORTANT OBJECTIVE OF PERON'S FOREIGN POLICY FALLS OUTSIDE THE FOCUS OF THIS ANALYSIS: THAT IS, THE DESIRE TO DIVERT ATTENTION FROM INTERNAL PROBLEMS AND DIRECTIONS BY STRESSING AN ACTIVE FOREIGN POLICY. PERON HOPES HIS "INDEPENDENT FOREIGN POLICY" AND PERIODIC BARKS AT "U.S. IMPERIALISM" WILL PLACATE THE LEFT AND IN PART DISGUISE THE FACT THAT HIS INTERNAL PROGRAMS ARE NOT REALLY VERY REVOLUTIONARY AT ALL.

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USCINCSO FMC POLAD

11. ARGENTINE EFFORTS IN INTERNATIONAL ECONOMIC RELATIONS REPRESENT CLOSE ADJUNCT TO ITS POLITICAL POLICIES. BASICALLY, IT AIMS AT EXPANDING ITS ECONOMIC RELATIONS WITH THE OTHER HISPANIC-AMERICAN COUNTRIES AND LOOKING FOR NEW MARKETS IN AFRICA, THE MIDDLE EAST, EASTERN EUROPE, THE SOVIET UNION, AND CHINA, WHILE EXPANDING TRADE WITH LONG-STANDING MARKETS IN WESTERN EUROPE. THESE MEASURES, THE ARGENTINES BELIEVE, WILL BENEFIT THEIR ECONOMY, BUT THEY ALSO HAVE USEFUL POLITICAL SPINOFF. CLOSER ECONOMIC RELATIONS WITH THE HISPANIC-AMERICAN AND THIRD WORLD COUNTRIES, OF COURSE, COINCIDE WITH EFFORTS TO ESTABLISH TIGHTER POLITICAL RELATIONS. AND THE DIVERSIFICATION OF MARKETS AND

SOURCES OF INVESTMENT IS PROBABLY ALSO MEANT TO SUGGEST LESS
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RELIANCE ON THE U.S.--AND, TO A LESSER EXTENT, ON BRAZIL. THIS
IS NOT TO SAY, HOWEVER, THAT ON A STRICTLY PRAGMATIC BASIS
ARGENTINA MAY NOT ALSO SEEK MORE TRADE AND INVESTMENTS FROM ITS
TWO "COMPETITORS."

12. THE MAIN LINES OF ARGENTINE POLICY, THEN, ARE RATIONAL ENOUGH
AND MAY, WITHIN CERTAIN LIMITS, SERVE HER INTERESTS. THERE ARE
SEVERAL NEGATIVE CONSIDERATIONS, HOWEVER, TO WHICH HER POLICY
MAKERS APPEAR TO HAVE GIVEN LITTLE ATTENTION. FIRST AND FOREMOST,
THE POLICY
MAY BE OVERLY AMBITIOUS FOR THE BASE FROM WHICH IT
MUST OPERATE. ARGENTINA CAN HARDLY CONSTITUTE A NEW POLE OF
GRAVITY IN LATIN AMERICA UNLESS IT BEGINS TO COME TO TERMS WITH
ITS OWN POLITICAL AND ECONOMIC MALAISE. IT MAY DO SO UNDER
PERON, BUT THAT MUST STILL BE PHRASED IN THE CONDITIONAL TENSE.
ARGENTINA MAY HAVE SOME SUCCESS IN PUSHING FOR REVISIONS OF,
SAY, THE OAS AND THE RIO TREATY. SEVERAL OTHER STATES ARE ALSO
URGING CHANGES, AND, INDEED, THE U.S. ITSELF HAS INDICATED THAT
SOME CHANGES SHOULD BE MADE. SUCCESSES AT THIS LEVEL, HOWEVER,
WILL NOT NECESSARILY BE TRANSLATED INTO A LEADERSHIP POSITION
FOR ARGENTINA WITHIN THE HEMISPHERE, NOR WILL THEY NECESSARILY
IMPROVE GREATLY HER POSITION VIS-A-VIS BRAZIL. AS ONE COLUMNIST
CANDIDLY NOTED, THE ONLY WAY ARGENTINA CAN IMPROVE HER NEGOTI-
ATING POSITION IN RELATIONSHIP TO THAT OF BRAZIL IS TO PUT THE
ARGENTINE HOUSE IN ORDER. "HISPANIC-AMERICAN SOLIDARITY WILL NOT
GO FAR TOWARDS CONVINCING THIRD COUNTRIES TO OPT FOR ARGENTINA
WHEN THEIR CONCRETE INTERESTS POINT IN ANOTHER DIRECTION. THE
SAME COLUMNIST CONCLUDED (SEE BA-6241). IN A SENSE, TOO,
ARGENTINA'S POLICY MAY BE DATED. COMPETITION WITH THE U.S. AND
BRAZIL FOR HEMISPHERIC LEADERSHIP MADE MORE SENSE AT THE TURN
OF THE CENTURY THAN IT DOES NOW. THE GAP BETWEEN THE TWO LARGER
COUNTRIES ON THE ONE HAND AND ARGENTINA ON THE OTHER HAS WIDENED
STEADILY OVER THE YEARS. INDEED, ARGENTINA'S RELATIVE STANDING
HAS DECLINED. AT THIS POINT, HER PRETENSIONS MAY LEAD TO PROBLEMS
AND A CERTAIN DEGREE OF RIVALRY WITH SUCH STATES AS MEXICO,
VENEZUELA AND PERU, WHICH ALSO SEEK TO MAKE THEIR VOICES HEARD
ABOVE THE REST.

13. FURTHER, IF THERE ARE ADVANTAGES TO ASSOCIATION WITH THE
THIRD WORLD, THERE ARE ALSO SERIOUS PITFALLS, AS ARGENTINA
QUICKLY DISCOVERED IN ALGIERS. THE CONFERENCE WAS NOT EVEN
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OFFICIALLY OPENED BEFORE ARGENTINA WAS ATTACKED BY TANZANIA FOR
HER RELATIONS WITH SOUTH AFRICA--RELATIONS WHICH ARGENTINA VALUES
AND HOPES TO EXPAND. SHE WAS REPORTEDLY SUBJECTED TO STRONG
PRESSURES FROM THE ARABS TO BREAK RELATIONS WITH ISRAEL--WHICH

SHE HAS NO WISH TO DO. AND HER DELEGATION LISTENED TO FIDEL CASTRO SAY, IN EFFECT, THAT PERON'S CONCEPT OF THE TWO IMPERIAL- ISMS WAS ALL WRONG. ARGENTINA IS LEARNING THE HARD WAY THAT THERE ARE PENALTIES AS WELL AS GAINS INVOLVED IN PLAYING WITH THE NON-ALIGNED NATIONS.

14. RECOMMENDED U.S. RESPONSE--BASICALLY, ARGENTINA'S POST- MAY 25 POSTURE IN ITSELF, IS NOT LIKELY TO THREATEN ANY OF OUR BASIC INTERESTS-THOUGH AN UNHAPPY RESPONSE ON OUR PART TO THAT POSTURE MIGHT DO SO (SEE BELOW). WIDESPREAD EXPROPRIATIONS ARE NOT PART OF OTE GOA'S PROGRAM AND THERE ARE NO INDICATIONS THAT IT PLANS ANY EXPROPRIATIONS WITHOUT COMPENSATION. (HOPE- FULLY, THE JUDICIAL EXPROPRIATION" IN THE SWIFT-DELTEC CASE WILL BE A UNIQUE EXCEPTION.) SOME ARGENTINE MEASURES MAY DO LITTLE TO IMPROVE THE INVESTMENT CLIMATE, BUT, ESSENTIALLY, THAT DAMAGES ARGENTINA MORE THAN THE U.S. IN TURNING SOMEWHAT AWAY FROM US, MOREOVER, THEY ARE NOT RPT NOT TURNING TOWARDS OUR MOST IMPORTANT ADVERSARY, THE SOVIET UNION. NOR ARE THEY REALLY LINING UP WITH THE CUBANS. INDEED, FONMIN VIGNES CAME BACK FROM ALGIERS SAYING, "CUBA HAS ITS POSITION, AND WE HAVE OURS." FURTHER, WHILE REDUCTION OF U.S. INFLUENCE IS AN OBJECTIVE, TWO CONSIDERATIONS TEND TO MUTE ITS SIGNIFICANCE: 1) THE U.S. ITSELF IS READY ADOPTING A LOWER PROFILE IN)-TIN AMERICA AND IS AMENABLE TO CHANGES IN ITS RELATIONSHIP WITH THE LATIN AMERICANS. 472) WHETHER OR NOT OUR INFLUENCE IS REDUCED IN LATIN AMERICA AT LARGE OR IN INDIVIDUAL COUNTRIES DEPENDS FAR MORE UPON HOW WE OURSELVES MANAGE OUR VARIOUS BI- LATERAL RELATIONS THAN UPON ANYTHING THE ARGENTINES SAY OR DO. BY THE SAME TOKEN, ARGENTINA'S INSISTANCE ON REVISIONS IN THE OAS AND IBTHE RIO TREATY ARE NOT LIKELY TO PRESENT INSUR- MOUNTABLE PROBLEMS. WE HAVE ALREADY ACCEPTED THE NEED FOR CHANGES, AND WHILE THEIR PROPOSALS WILL DOUBTLESS BE MORE SWEEPING THAN OURS, THE POSSIBILITIES OF A VIABLE COMPROMISE WOULD APPEAR TO BE GOOD.

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USCINCSO FOR POLAD

15. IN ARGENTINA, THEN IS NOT NECESSARILY ON A COLLISION COURSE WITH THE U.S. WE MUST, HOWEVER, AVOID EXCITING PASSIONS IF AT ALL POSSIBLE. THE LOWER THE U.S. PROFILE AT THIS POINT, THE BETTER. THIS IS NOT TO SUGGEST A PASSIVE POSTURE. WE MUST, OF COURSE, DEFEND OUR BASIC POSITIONS IN THE OAS AND OUR INTERESTS IN OTHER AREAS--AS, FOR EXAMPLE, WE ARE DOING IN THE CIVIL AIR DISPUTE. BUT WE MUST, AT THE SAME TIME, AVOID STERILE CONFRONTATIONS, SUCH AS THAT WHICH WILL BE FORCED UPON US IF WE MUST INVOKE AGAINST ARGENTINA THE "CUBAN CLAUSES" OF THE FOREIGN ASSISTANCE ACT (DISCUSSED IN GREATER DETAIL IN BA-6680). SHOULD WE DO SO, IT WILL NOT BE ARGENTINA'S NEW POSTURE WHICH THREATENS OUR INTERESTS, IT WILL BE OUR OWN REACTION TO THAT
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POSTURE. BASICALLY, WE WILL BE, TO USE AN OLD CLICHE, CUTTING OFF OUR NOST TO SPITE OUR FACE. OUR SMALL HOUSING GUARANTEE AND MILITARY ASSISTANCE PROGRAMS ARE PROBABLY MORE VALUABLE TO US--IN TERMS OF THE CONTACTS AND INFLUENCE THEY PROVIDE--THAN TO THE ARGENTINES. SHOULD WE INVOKE 620(A)(3), THEREFORE, WE WILL BE DAMAGING OUR OWN INTERESTS MORE THAN THOSE OF THE ARGENTINES. MOREOVER, ARGENTINES ARE CERTAIN TO INTERPRET SUCH A STEP AS AN EFFORT ON OUR PART TO EXERT ECONOMIC PRESSURES TO PREVENT THEM FROM ENTERING INTO AN AGREEMENT WHICH THEY, RIGHTLY OR WRONGLY, BELIEVE TO BE IN THEIR INTEREST.

16. IN SUM, WE FACE A SITUATION HERE WHICH LEAVES MUCH TO BE DESIRED FROM OUR STANDPOINT, BUT WHICH COULD BE A GOOD DEAL WORSE. TO PREVENT IT FROM BECOMING WORSE, PATIENCE AND QUIET DIPLOMACY ARE LIKELY TO BE OUR MOST EFFECTIVE WEAPONS, ESPECIALLY NOW THAT THE SHRILL STYLE OF PUIG AND VASQUEZ HAS BEEN REPLACED BY THE MORE TRADITIONAL DIPLOMACY OF VIGNES. FURTHER, THERE HAVE BEEN SOME RECENT FEELERS FROM THE ARGENTINE SIDE SUGGESTING AN INTEREST IN A MORE CONSTRUCTIVE RELATIONSHIP WITH US.

17. TO THE ABOVE, I REPEAT I SHOULD LIKE TO ADD A FEW GENERAL OBSERVATIONS WITH RESPECT TO US-ARGENTINE RELATIONS:
(A) WE ARE LOSING THE "BATTLE FOR MEN'S MINDS" IN ARGENTINA.

THE COUNTERPART OF THE RISING ANTI-U.S. FEELING IN SOME CIRCLES IS A FRIENDLY FEELING FOR SOCIALISM, MARXISM, OR COMMUNISM, WHETHER FROM MOSCOW, PEKING, OF HAVANA; (B) NOT ONLY IS THERE NO DETENTE IN ARGENTINA, THERE ARE GATHERING TENSIONS WHICH HAVE BEEN GREATLY EXACERBATED BY THE COUP IN CHILE. THE OUTLOOK, I BELIEVE, IS NOT BRIGHT, EITHER FOR ARGENTINA OR FOR U.S.A ARGENTINE RELATIONS. HOWEVER, IT IS BY NO MEANS HOPELESS.

18. ALMOST FOUR MONTHS FOLLOWING THE MAY 25 INAUGURATION, I NOTE AN OVERALL DISCOURAGEMENT IN ARGENTINA. TO MANY ARGENTINES IT IS INCREASINGLY CLEAR THAT ELECTIONS DO NOT AUTOMATICALLY SOLVE THE PROBLEMS OF A NATION. WITNESS CHILE. IN ARGENTINA THERE ARE NOW MORE ACTS OF TERRORISM, A SHORTAGE OF FOOD, AND MORE ANTI-US PROPAGANDA AND ATTITUDES THAN UNDER THE PREVIOUS MILITARY GOVERNMENT. SOON AFTER MY ARRIVAL MORE THAN FOUR YEARS AGO I FORECAST THAT CONDITIONS WOULD BE WORSE UNDER AN ELECTED GOVERNMENT THAN UNDER A RATHER INEPT AND INDECISIVE MILITARY DICTA-
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TORSHIP. THE MILITARY HAD REACHED A KIND OF DEAD-END STREET. MANY ARGENTINES FELT CAUGHT BETWEEN A FEELING THAT THE MILITARY GOVERNMENT HAD FAILED AND APPREHENSION REGARDING ANOTHER BOUT WITH A PERONIST GOVERNMENT.

19. IN MY OPINION, FOLLOWING THE ELECTION OF SEP 23 AND AFTER THE NEW GOVT HAS HAD TIME TO CLARIFY ITS DOMESTIC AND FOREIGN POLICY OBJECTIVES, THERE WILL BE A NEED TO TAKE ANOTHER HARD LOOK AT THE ARGENTINE SITUATION AND AT OUR RELATIONS WITH ARGENTINA.
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